Thank you for allowing public input on the issues of sales and use tax exemptions for food banks as well as the broader nonprofit sector in Georgia.

The Georgia Center for Nonprofits represents and supports over 1,200 nonprofit organizations across the state. Our mission is to help nonprofits build organizational capacity, so that they may better serve their constituents. And there are thousands of other nonprofit groups statewide who help to represent about 11% of the Gross State Product.

So, on behalf of Georgia’s nonprofit sector, I’d like to make three points:

1. While business-oriented tax provisions intend to create jobs and bring employers to the state, tax exemptions to nonprofits necessarily benefit the state as that is their sole function by design.
2. Taxes offset the benefits of and motivation to volunteer and donate goods to benevolent causes.
3. When individuals and families are aided by nonprofits – such as food, child care support, affordable medicine, or job training – they become engaged citizens who give back to their communities.

Nonprofits directly contribute to the success of Georgia’s economy.

Our lives are enveloped by nonprofits: from hospitals and schools, to local and international development corporations, to civic engagement and the arts; zoos and recreational leagues. Each adds value and invests in our communities.

Keeping the Georgia Competitiveness Initiative’s key focus areas in mind (Education and Workforce Development, Innovation, Infrastructure, Government Efficiency and Effectiveness), sales and use tax exemptions for nonprofits are and should be necessary investments into Georgia communities.

The nonprofit sector is one of the only industries that grew through the Great Recession because of increased need, increased demand, rather than opportunistic expansion of business. Nonprofits and the public sector are the safety net that Georgians fall back on.

Taxes offset the benefits of and motivation to volunteer and donate goods to benevolent causes.

When nonprofits receive tax provisions – in whatever form – donated goods and monies, volunteer hours can be maximally utilized.

Additionally, the buying power of our industry itself is increased. Implementing organizational programming employs and uses services of numerous for-profit industries, creating two jobs for every nonprofit employee.

In Georgia, only one nonprofit exemption has been extended since 2009. Nineteen states offer full tax exemptions for nonprofits.

Finally, when individuals and families are aided by nonprofits they become engaged citizens who give back to their communities.

In the most recent state legislative session, both the House and Senate passed House Bill 193. The bill included provisions that were phased out in 2010. They enabled food banks to make nutritious, high-
protein food purchases to supplement donated goods. It further provided sales and use tax exemptions on donations of prepared foods for disaster and hunger relief; purchases of medical supplies by Federally Qualified Health Centers and nonprofit health clinics; and sales to qualified job training organizations like Goodwill.

Despite being passed by both bodies of the General Assembly, the bill was vetoed citing the Special Council on Tax Reform and Fairness for Georgians writing, “that all nongovernment and nonbusiness input exemptions sunset so that the Legislature may determine if economic or non-economic justifications exist for renewing these exemptions.” But that’s what the legislature did when they passed the bill initially. Further the Governor assigned the provisions to the Competitiveness Initiative taskforce for review.

Thus, these exemptions – if supported by the Competitiveness Initiative – will add 800,000 meals into Georgia food banks at a time when nearly 30% of Georgian children are living in food insecure homes. It will save incurred fees for indigent individuals by keeping them out of emergency rooms. And it will build a stronger labor force and increased buying power by supporting workforce development programs.

We can holistically build better Georgians who can give back to their communities. But we need public buy-in and support to do it.

“For every dollar spent on early childhood education and development programs, more than $7 are returned to individuals and to society” via higher incomes, tax revenues, reduced school and criminal justice expenditures. The same return on investment is true for food banks, who convert funding and donations into sustainable anchors in our communities.

Currently, similar sales tax provisions are provided for school lunch programs and educational supplies, in-patient health centers for the physically and mentally disabled, adoption and group home agencies, and blood banks.

So, we urge you to support the current sales and use tax provisions as proposed in HB 193 from the 2012 Legislative Session but to expand them, as they demonstrably contribute to the state’s economic and social status.

These provisions mean supplying women and children with basic medical supplies and affordable day care, so they can nourish and grow in healthy, safe environments.

They mean supplying nutritious meals and housing to children so they can focus on education and be civically engaged in their communities.

They mean providing vocational skills and employment opportunities to Georgia’s unemployed and underemployed.

They mean making Georgia holistically more competitive.

Thank you.

http://www.acfb.org/sharing-stories/hb-193-passed